Review of taxes on petroleum products

538. SHRI NILOTPAL BASU: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the retail prices of petroleum products are based on three components—the imported crude price, the refining cost and various taxes of the Union and the State Government;

(b) if so, the details thereof for each of these components for different retail prices ruling at different point of time, date-wise, and products-wise;

(c) whether it is also a fact that the tax components is disproportionately high, if so, the plans of Government to rein in the retail price of the products; and

(d) if not, the reasons therefor?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (d) Oil Marketing Companies (OMCs) pay to refineries the import parity price of petrol and diesel.

The Retail Selling Price (RSP) of these products is computed by the OMCs after taking into account *inter alia* the following elements:

- Basic Price at refinery level on import parity basis
- Freight up to depots
- Marketing cost and margin
- States specific irrecoverable levies
- Excise duty
- Delivery charges from depot to Retail Pump Outlet
- Sales Tax and other local levies
- Dealers commission

The share of various duties and taxes in the current RSP of these products at Delhi are as follows:

(Rs. per lt.)

Sl. No.	Item	Petrol	Diesel
1.	Price without customs duty, excise duty and sales tax components	17.46	18.07
2.	Customs duty	2.12	2.29
3.	Excise Duty	12.07	3.15
4.	Sales Tax	6.19	2.77
5.	Retail selling price	37.84	26.28

A number of steps have been taken to contain the impact of international prices on the domestic prices of four major products *viz.*, PDS kerosene, domestic LPG, diesel and petrol.

The Government reduced excise duties on petrol, diesel and domestic LPG by 4%, 3% and 8%, respectively effective 16.6.2004. Later, effective 19.8.2004, the excise duties on petrol, diesel and PDS kerosene were further reduced by 3%, 3% and 4% respectively. Aslo, effective 19.8.2004 customs duties on petrol, diesel, PDS kerosene and domestic LPG were reduced by 5% each.

PDS kerosene and domestic LPG are subsidized products. In addition to the Government subsidy, oil PSUs have been sharing the burden by not passing the full increase in international prices on the domestic consumer prices of these products. Despite the steep increase in international prices, the selling price of PDS kerosene has not been increased since 1.4.2002 and the RSP of domestic LPG was increased by only Rs. 20/ cylinder each, effective 16.6.2004 and 5.11.2004 respectively.

Linking of petrol price to import parity

539. SHRIMATI S. G. INDIRA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government have decided to link petrol price to import parity;

(b) if so, the details thereof;

(c) whether it is also a fact that Government are considering to review the system of carrying out a fornightly review of prices by the oil companies; and

(d) if so, the reasons therefor?